

Fiscal Estimate - 2009 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 09-4460/3	Introduction Number SB-616	
Description energy conservation standards for the construction of certain buildings, energy and environmental design standards for state buildings, structures, and facilities, energy and environmental design standards for school district facilities and other local government buildings, leasing of state buildings, structures, and facilities, standards for the construction and use of graywater systems, granting rule-making authority, and making an appropriation.		
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 33%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs </div> </div> Local: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 33%;"> 5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (3) (j) </div> <div> Affected Ch. 20 Appropriations </div> </div>		
Agency/Prepared By COMM/ Debra Miller (608) 266-8603	Authorized Signature Louie Cornelius (608) 266-8629	Date 3/22/2010

Fiscal Estimate Narratives

COMM 3/22/2010

LRB Number	09-4460/3	Introduction Number	SB-616	Estimate Type	Original
Description energy conservation standards for the construction of certain buildings, energy and environmental design standards for state buildings, structures, and facilities, energy and environmental design standards for school district facilities and other local government buildings, leasing of state buildings, structures, and facilities, standards for the construction and use of graywater systems, granting rule-making authority, and making an appropriation.					

Assumptions Used in Arriving at Fiscal Estimate

2009 SB 616 contains several provisions regarding energy conservation in the construction of public buildings. 2009 SB 616 requires the Department to promulgate, review and/or update the following rules, and that these rules incorporate ASHRAE standards (American Society of Heating, Refrigerating and Air Conditioning Engineers):

- 1) the promulgation of rules for energy conservation in the construction of state owned and operated buildings (these standards would exceed regular energy conservation standards and would address required goals for exceeding the standards);
- 2) the review and revision of rules for ventilation systems;
- 3) the review and revision of the commercial building energy conservation code for changes to improve energy conservation.

2009 SB 616 contains several other conservation-related provisions:

- 2) allows the Department to promulgate rules for a high performance commercial building energy conservation code;
- 3) allows local units of government to have energy conservation standards for residential construction that exceed the Department's standards;
- 4) requires the State Capitol and state-owned research/laboratory farms to comply with energy standards for state-owned structures (these buildings are currently exempt from all building codes);
- 5) requires the Department to promulgate standards for the installation of graywater and rainwater systems that allow for the reuse of graywater and rainwater within the building, or on the property surrounding the building, from which the graywater or rainwater was generated.

The Department currently administers Comm 63, Commercial Building Energy Conservation, and Comm 64, Heating, Ventilation and Air Conditioning (HVAC). These codes are regularly updated and reflect the standards of the International Energy Conservation Code (which does reference ASHRAE standards) and the International Mechanical Code (which does not reference ASHRAE standards). The Department estimates that the required review and updating of these rules can be incorporated into currently scheduled reviews. The Department also currently administers Comm 82.70, which allows for gray and rainwater reuse and that any updates to this code can be accomplished with current resources.

The Department estimates a workload of 400 hours associated with the promulgation of rules regarding energy standards for state-owned/operated structures. The estimated cost of this workload is \$29,700.

2009 SB 616 requires political subdivisions to obtain certification of major construction projects from the US Green Building Council. This would result in additional costs to local units of government. This requirement also applies to the construction projects of school districts, and an appropriation to fund this cost for school districts is provided. Additional costs may also be incurred by local units of government that adopt an energy code that is more restrictive than the Department's residential energy code. The amounts of these costs to local units of governments are indeterminable.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$29,700 for costs related to one-time rule promulgation.	
II. Annualized Costs:	Annualized Fiscal Impact on funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$0
(FTE Position Changes)	(0.0 FTE)
State Operations - Other Costs	0
Local Assistance	0
Aids to Individuals or Organizations	0
TOTAL State Costs by Category	\$0
B. State Costs by Source of Funds	
GPR	0
FED	0
PRO/PRS	0
SEG/SEG-S	0
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	
	Increased Rev Decreased Rev
GPR Taxes	\$0
GPR Earned	0
FED	0
PRO/PRS	0
SEG/SEG-S	0
TOTAL State Revenues	\$0
NET ANNUALIZED FISCAL IMPACT	
	State Local
NET CHANGE IN COSTS	\$0
NET CHANGE IN REVENUE	\$0
Agency/Prepared By	
COMM/ Debra Miller (608) 266-8603	Authorized Signature
	Louie Cornelius (608) 266-8629
Date	
3/22/2010	

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Local: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate <div style="margin-left: 20px;"> <div style="display: flex; justify-content: space-between;"> <div> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> </div> </div> </div> <div style="width: 33%;"> 5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> School Districts </div> <div style="width: 33%;"> <input checked="" type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts </div> <div style="width: 33%;"> <input checked="" type="checkbox"/> Cities </div> </div> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.505.(5)(ka), Stats. </div> <div> Affected Ch. 20 Appropriations </div> </div>		
Agency/Prepared By DOA/ Cathleen Connolly (608) 261-2292	Authorized Signature Martha Kerner (608) 266-1359	Date 3/23/2010

Fiscal Estimate Narratives

DOA 3/23/2010

LRB Number	09-4460/3	Introduction Number	SB-616	Estimate Type	Original
Description energy conservation standards for the construction of certain buildings, energy and environmental design standards for state buildings, structures, and facilities, energy and environmental design standards for school district facilities and other local government buildings, leasing of state buildings, structures, and facilities, standards for the construction and use of graywater systems, granting rule-making authority, and making an appropriation.					

Assumptions Used in Arriving at Fiscal Estimate

Senate Bill (SB) 616 makes significant changes to the energy conservation standards and energy and environmental design standards for buildings owned, built, remodeled or leased by state agencies. This fiscal estimate addresses only the sections that place a requirement on the Department of Administration (DOA) or the Building Commission.

BUILDING PROVISIONS

SB 616 requires DOA and the Building Commission to ensure that the plans and specifications for each major state construction project, which is defined in the bill, meet the requirement under the LEED Green Building Rating System at the silver performance level. DOA also has to verify and certify that all projects conform to standards specified by the Department of Commerce that pertain to energy performance, ventilation components, indoor air quality performance and water usage level.

In addition, SB 616 directs the Building Commission to enforce all the requirements of the bill on all major construction projects that involve structures that are being constructed for the state under a purchase agreement or under a lease agreement with option to purchase.

The bill requires the Building Commission to use funding under the Authorized State Building Program to achieve by January 1, 2015, certification that 15% of the gross square footage of space owned or leased by state agencies is conforming to the LEED energy performance requirements for the operation and maintenance of existing buildings. DOA is directed to promulgate rules that set out a schedule for achieving certification that minimum LEED performance requirements for the operation and maintenance are being met for an increasing percentage of state owned or leased space between the period January 1, 2015 and January 1, 2030.

SB 616 requires DOA to develop a current inventory of the location and gross square footage of the space in all buildings that are owned or leased by or for a state agency. The inventory must include information on whether the building is certified or eligible for certification by the U.S. Green Building Council as conforming at a minimum to LEED performance requirements for the operation and maintenance of existing buildings.

DOA estimates that design and construction costs for major construction projects that are subject to LEED certification will increase to an indeterminate level. Currently, state design and construction policy requires a level of energy and resource conservation similar to that required to meet the LEED silver standard. However, the cost of meeting the LEED silver standard will vary depending on the specific additional work that is required for a particular project to meet the standard. Those costs cannot be determined until the design phase of a project. DOA estimates that the cost of documenting and obtaining LEED certification is \$100,000 to \$250,000 per project depending on the size and complexity of the projects authorized and constructed.

SB 616 requires that DOA appoint, or approve the appointment of, a chief engineer for each major construction project who will certify that the energy performance level of the planned construction is at least 30% better than current standard prescribed by the Department of Commerce and who will certify that the ventilation components for the project are in strict conformity with standard prescribed by the Department of Commerce and no exemptions have been authorized. Currently, DOA's Division of State Facilities hires design and construction firms for state building projects who are responsible for providing necessary engineering expertise. The Division's engineers and architects provide oversight and review at each phase of the project and generally are responsible for many projects at one time. The Division will expand the

scope of the contractual duties of the private design and construction firms to include the proposed statutory changes. This would likely result in greater, although indeterminate, costs for each project. In addition, Division staff will review and verify that the contractor has met the requirements of the bill, which will increase their workload.

LEASING PROVISIONS

SB 616 would impose additional requirements for state property leases. DOA would be required, before entering, extending or renewing any lease for space for a state agency, to require the lessor to disclose the energy usage for the total property and to send that information to the Building Commission. The bill would also require DOA to require that any other state agency that is authorized to enter into a lease for real property obtain the energy usage information and provide that information to the Building Commission. The bill then prohibits the Building Commission from approving any lease that does not conform to LEED silver level standards and that cannot be certified at that level by the U.S. Green Building Council.

Currently, DOA has 550 leases totaling 3.1 square million feet. The Department would need 1.0 FTE to collect the energy information from prospective landlords, prepare it, and submit it to the Building Commission. This individual would also fulfill other reporting requirements for LEED certification data noted above and the reporting requirements to the Governor and Legislature noted below. DOA's engineering staff would certify that the energy use intensity for the total property and the annual energy usage for the total property conform to standards created by the Department of Commerce, reported to the Building Commission before a proposed lease is approved. The cost of salary, fringe, and supplies/services for the additional 1.0 FTE would be as follows:

Program and Planning Analyst (1.0 FTE @ \$22.26/hr @ 2080 hours) = \$46,300

Fringe Benefits @ 39.88% = 18,500

Supplies and Services @ 11,300 per FTE = 11,300

Total = \$76,100

Of the total 550 leases, approximately 75 leases are 10,000 square feet or more, totaling 1.9 million square feet, which would be subject to the requirement that DOA certify for the Building Commission that the building conforms, or will conform, after construction, repair, renewal, renovation or expansion to all the LEED silver certification standards. DOA anticipates that there would be incremental costs to landlords for meeting and maintaining LEED standards when renting existing buildings to the state or building for the state to rent. That incremental cost would be passed on to the state as lessee, but any increase is indeterminate.

Finally, DOA anticipates that some landlords currently renting to a state agency, will not want to, or be able to, meet the new requirements in SB 616 and the state will have to relocate staff when leases are up for renewal. This will result in an indeterminate increase in relocation costs.

FUTURE ENERGY STANDARDS FOR STATE OWNED BUILDINGS

SB 616 also requires DOA to ensure that state buildings, structures and facilities that are constructed by or for the state that fall within the definition of a major construction project exceed specified energy performance standards at increasing levels. As of January 1, 2030 all major construction projects of state buildings and facilities must achieve a zero net energy level of energy performance.

It is difficult to estimate the fiscal impact of the requirement that within 20 years all state owned major construction projects, whether built, remodeled or renewed for a state agency must result in zero net energy buildings. At this time, it is unknown what specific steps will be required to achieve additional energy savings in each building project and what technologies will be available in the future to achieve energy conservation. Given that this will be a change from current state design practices the Department estimates that the cost could be significant, although there is likely to be offsetting energy savings.

Finally, SB 616 requires that DOA report annually to the Governor and Legislature on progress being made to achieve adherence to the requirements for state owned buildings contained in the bill. This provision would be part of the workload of the 1.0 additional FTE identified above.

LOCAL IMPACT

The fiscal impact on local governments is indeterminate. SB 616 requires that local governments meet similar standards to those imposed on DOA and the Building Commission for buildings that are owned or

leased by the local government. DOA does not have information on how many buildings local governments will build, remodel or lease and what condition existing building will be in at the time the bill is implemented.

Long-Range Fiscal Implications

Unknown.

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$64,800	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs	11,300	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$76,100	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS	76,100	
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$76,100	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
DOA/ Cathleen Connolly (608) 261-2292		Martha Kerner (608) 266-1359
		3/23/2010

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<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS New--20.255 (2) (ed) </div> <div> Affected Ch. 20 Appropriations </div> </div>		
Agency/Prepared By DPI/ Kimberly Chase (608) 266-1344	Authorized Signature Michael Bormett (608) 266-2804	Date 3/19/2010

Fiscal Estimate Narratives

DPI 3/19/2010

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Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 616 imposes building requirements for major construction projects of school districts. Each school board must ensure that the plans and specifications for each major construction project conform at a minimum to the requirements of the LEED Green Building Rating System at the silver performance level, as prescribed by the Dept. of Commerce. Upon the request of a school district, the state must pay all necessary LEED registration and certification fees on behalf of the school district. Upon completion of a major construction project, a school district must obtain certification from the U.S. Green Building Council that the project conforms at a minimum to the standards for certification at the LEED silver level. The bill also directs each school board to ensure that the energy performance, use and disposal of construction and demolition materials, ventilation components, indoor air quality performance, and water usage level for each major construction project conform to standards specified by Commerce that are derived from various national and international building codes.

State fiscal effect: This bill could result in increased costs to the state. SB 616 says the department must pay the LEED registration and certification fees if a school district requests them to. The number of school districts that undertake major projects, as defined in the bill, and make such funding requests will vary from year to year; therefore, the state fiscal effect is indeterminate.

Current LEED registration fees are \$1,200 for non-members of the U.S. Green Building Council. Certification fees are up to \$27,500 per building, depending on the building's size.

Funding for the state to pay schools' LEED registration and certification fees would come from a new sum sufficient GPR appropriation with funding from the general fund.

Local fiscal effect: SB 616 could have a fiscal effect on local school districts. When districts undertake major construction projects as defined in the bill, SB 616 could hold the district to higher building and construction standards than it otherwise may have followed and there may be higher costs to meet these standards. This fiscal effect is indeterminate.

Long-Range Fiscal Implications